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Central Intelligence Agency

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Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

3 December 1985

**China: Nuclear Export Policies and Practices
Since 1 January 1984**

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Summary

Since joining the International Atomic Energy Agency two years ago, Beijing has taken steps to become a more responsible nuclear exporter, and we have no knowledge that Beijing has made unsafeguarded transfers in 1985. China's record, however, is blemished by:

- Unsafeguarded transfers in 1984 that apparently were deliveries on contracts signed before China joined the IAEA.
- China's failure to subscribe to any recognized international guidelines or publish its own guidelines for applying controls on exports.

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This memorandum was prepared by [redacted]
Office of East Asian Analysis, [redacted] Office of Scientific and Weapons
Research. Information available as of 3 December 1985 was used in its preparation.
Comments and queries are welcome and may be directed to the Chief, Development
Issues, China Division, OEA, [redacted]

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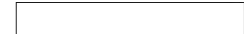
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Beijing's Record

China began exporting nuclear-related materials in 1981

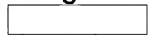


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We believe China entered the nuclear market primarily to earn hard currency, but in our view Beijing also hoped that participating in global nuclear trade would increase its access to Western nuclear technology.



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Seeking to limit the sharply critical reactions to its unsafeguarded nuclear sales--and to increase its chances of gaining access to US nuclear technology--China announced in September 1983 that it would join the IAEA on 1 January 1984. Membership in the IAEA, however, does not commit a state to impose safeguards on all exports. IAEA statutes require IAEA safeguards only on IAEA-sponsored nuclear projects. In other cases, the supplier and customer negotiate whatever safeguards will apply.



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Unlike the major Western and Soviet Bloc suppliers, China does not adhere to any internationally accepted nuclear export norms, such as the London supplier guidelines or the Zangger guidelines, when exporting to nonnuclear weapon states (see the inset). China also has not articulated its own guidelines. Thus, we are unsure, what if any, safeguards Beijing routinely requires on exports that do not fall under IAEA auspices.¹



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¹ China is also not a party to the Nuclear Nonproliferation Treaty (NPT). Since the 1960s, China has strenuously opposed the NPT on the grounds that it "discriminates" against developing countries.



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INTERNATIONAL NUCLEAR EXPORT GUIDELINES

The Zangger guidelines were voluntarily adopted in 1974 by nuclear supplier states party to the NPT as agreed procedures for implementing treaty obligations regarding nuclear exports. The guidelines cover only exports to nonnuclear weapon states that are not party to the NPT. With certain minor exceptions, they contain a blanket requirement for IAEA safeguards on exports of source and special fissionable material. They also include a list of detailed definitions of what constitutes material or equipment specially designed or prepared for nuclear use. Safeguards also are required on any source or special fissionable material produced by or used in equipment that includes reactors and certain components, heavy water, nuclear-grade graphite, reprocessing, fuel fabrication and heavy water plants and special equipment for them, and special equipment for uranium enrichment.

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The London Suppliers Guidelines were adopted voluntarily in 1978 by major nuclear suppliers, including non-NPT-party France, as guidelines for exports to all nonnuclear weapon states. In addition to requiring IAEA safeguards, the London guidelines require a no-explosive-use pledge, establish agreed criteria for physical protection, and set controls on retransfers. The provisions extend to facilities for reprocessing, enrichment, and heavy water production that are constructed using exported technology. The guidelines also require suppliers to follow special procedures when transferring sensitive facilities and technology or material that can be used for weapons.

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Adherence to IAEA Guidelines

Since joining the IAEA, Beijing has affirmed on a number of occasions--both public and private--its commitment to engage only in peaceful nuclear cooperation with other countries and to abide by IAEA guidelines. In January and February 1985, for instance, Chinese Vice Premier Li Peng publicly reiterated Beijing's commitment not to assist nonnuclear weapon states in obtaining nuclear weapons, adding that Beijing would fulfill its IAEA obligations and respect IAEA regulations.

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[REDACTED]

Our evidentiary base is such that we cannot say for certain whether additional shipments of unsafeguarded material were made under these old, open-ended contracts. We have no indication, though, that China has made such unsafeguarded transfers in 1985. Moreover, China's pledges to honor IAEA safeguards are backed by a series of nuclear cooperation accords it has signed in the last 18 months. Several of these agreements address the question of the conditions under which China will require application of IAEA safeguards:

- China and Brazil publicly signed a nuclear cooperation accord in October 1984 in which each country agreed to apply IAEA safeguards on nuclear materials and equipment transferred between them. [REDACTED]

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[REDACTED] Although China and Brazil are unlikely to become major nuclear trading partners, this accord was Beijing's first bilateral agreement to include unconditional IAEA safeguards.

- China and Argentina signed a nuclear cooperation accord in April 1985. It states that the contracting parties will request that IAEA apply safeguards with respect to the material and equipment transferred under the agreement.
- In June 1985, China and the UK signed an agreement covering nonsensitive technologies and equipment that are not required to be safeguarded. The UK and China have indicated any cooperation covering sensitive areas will be subject to IAEA safeguards and covered in a separate agreement.
- China and Japan signed an agreement in July 1985 that applies IAEA safeguards, including on-site inspections for all equipment imports from Japan. This was the first time China agreed to accept such safeguards in an agreement with a major supplier country.
- China announced at the IAEA annual conference in September that it would voluntarily place some of its civilian nuclear installations under IAEA safeguards.

We have no indication that China has failed to live up to any provision of these agreements. [REDACTED]

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China has also signed more general economic agreements that include cooperation in the peaceful uses of nuclear energy. For example, China and Iran publicly announced a protocol in June to cooperate in a variety of economic and scientific fields, including the peaceful uses of nuclear energy. Iran, a party to the NPT whose nuclear facilities are under IAEA safeguards, [REDACTED]

[REDACTED]

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Unanswered Questions

Although Beijing seems to be abiding by international nuclear standards, our information, as always, is fragmentary and often contradictory, making a definitive judgment about China's nuclear activities impossible. Even though we may learn of a proposal [REDACTED] we do not always know its final disposition, and we cannot be sure we know of every deal. Beijing's failure to agree to specific international guidelines or to clearly spell out its own guidelines makes it difficult to determine what conditions Beijing may have attached to any particular transactions. [REDACTED]

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[REDACTED]

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APPENDIX

Chinese Nuclear Cooperation - Chronology 1985

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April
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China and Belgium sign nuclear cooperation agreement.

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China and Argentina sign nuclear cooperation accord.

June
3

China and UK sign nuclear cooperation agreement. Agree to negotiate a separate protocol to implement IAEA safeguards if sensitive transactions occur.

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China and Iran sign economic and scientific cooperation accords, which include specific reference to cooperation on peaceful uses of nuclear energy.

July
23

US and China sign nuclear accord during visit of Chinese President Li Xiannian to Washington.

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Japan and China sign agreement on nuclear power cooperation containing provisions that China will apply IAEA safeguards to imports from Japan. Japan reportedly fails to gain further Chinese assurances of return of materials and technology in the case of misuse.

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August

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China tentatively agrees to an IAEA request to sell an unknown quantity of natural uranium fuel to Iran for use in Iran's planned research reactor.

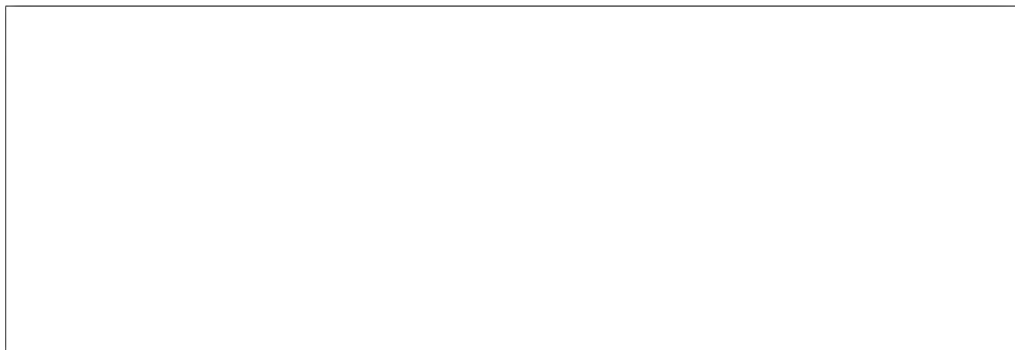
September

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China announces its decision to voluntarily place some of its civilian nuclear installations under IAEA safeguards.



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1 January 1984

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